

**HISTIOCYTOSIS ASSOCIATION, INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED**  
**DECEMBER 31, 2021 AND 2020**

# **HISTIOCYTOSIS ASSOCIATION, INC.**

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**December 31, 2021 and 2020**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
Histiocytosis Association, Inc.

### **Opinion**

We have audited the accompanying financial statements of Histiocytosis Association, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Histiocytosis Association, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Histiocytosis Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Histiocytosis Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Histiocytosis Association, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Histiocytosis Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Bowman + Company LLP*

Bowman & Company LLP  
Certified Public Accountants

Voorhees, New Jersey  
September 1, 2022

**HISTIOCYTOSIS ASSOCIATION, INC.**  
**Statements of Financial Position**  
**As of December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 1,573,090	\$ 1,095,549
Contributions receivable, less allowance for uncollectible accounts of \$0 in 2021 and 2020	46,815	32,200
Prepaid expenses	21,264	21,061
Investments	439,110	402,449
Total current assets	2,080,279	1,551,259
Property and equipment, net	307,353	315,858
	\$ 2,387,632	\$ 1,867,117
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 258,338	\$ 58,904
Deferred revenue	150	
Total current liabilities	258,488	58,904
Long-term liabilities		
PPP loan payable		74,300
Total liabilities	258,488	133,204
Net assets		
Without donor restrictions		
Undesignated	1,536,194	1,179,280
Designated by the board	306,758	306,592
	1,842,952	1,485,872
With donor restrictions	286,192	248,041
Total net assets	2,129,144	1,733,913
	\$ 2,387,632	\$ 1,867,117

The accompanying notes are an integral part of the financial statements.

**HISTIOCYTOSIS ASSOCIATION, INC.**  
**Statements of Activities**  
**For the Years Ended December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Revenue and other support		
Contributions and fundraising	\$ 1,082,121	\$ 720,416
In-kind contributions	12,908	1,500
Payroll protection program loan forgiveness	174,937	
Investment income	32,160	48,106
Miscellaneous revenue	45,769	476
Net assets released from restriction	<u>30,459</u>	<u>10,049</u>
Total revenue and other support	<u>1,378,354</u>	<u>780,547</u>
Expenses		
Program services expenses		
Research and scientific initiatives	493,915	284,902
Outreach initiatives	<u>394,670</u>	<u>364,778</u>
Total program services expenses	<u>888,585</u>	<u>649,680</u>
Supporting services expenses		
General and administrative	58,475	47,663
Fundraising	<u>79,578</u>	<u>54,766</u>
Total supporting services expenses	<u>138,053</u>	<u>102,429</u>
Total expenses	<u>1,026,638</u>	<u>752,109</u>
Excess revenue and other support over expenses	351,716	28,438
Unrealized gain/(loss) on investments	<u>5,364</u>	<u>(18,946)</u>
Increase in net assets without donor restrictions	357,080	9,492
Net assets without donor restrictions, beginning of year	<u>1,485,872</u>	<u>1,476,380</u>
Net assets without donor restrictions, ending of year	<u>\$ 1,842,952</u>	<u>\$ 1,485,872</u>

The accompanying notes are an integral part of the financial statements.

**Histiocytosis Association, Inc.**  
**Statements of Changes in Net Assets**  
**For the Years Ended December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Net assets without donor restrictions		
Excess of revenue and other support over expenses	\$ 351,716	\$ 28,438
Unrealized gain/(loss) on investments	<u>5,364</u>	<u>(18,946)</u>
Increase in net assets without donor restrictions	357,080	9,492
Net assets with donor restrictions		
Contributions	68,610	30,050
Net assets released from restrictions	<u>(30,459)</u>	<u>(10,049)</u>
Increase in net assets with donor restrictions	<u>38,151</u>	<u>20,001</u>
Increase in net assets	<u>395,231</u>	<u>29,493</u>
Net assets, beginning	<u>1,733,913</u>	<u>1,704,420</u>
Net assets, ending	<u>\$ 2,129,144</u>	<u>\$ 1,733,913</u>

The accompanying notes are an integral part of the financial statements.

**Histiocytosis Association, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2021**

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Research &amp; Science</u>	<u>Outreach &amp; Education</u>	<u>Management and General</u>	<u>Fundraising</u>	
Advertising	\$ 1,094	\$ 2,188		\$ 1,094	\$ 4,376
Board activities			\$ 4,269		4,269
Database/internet maint. & serv.	2,779	41,690		11,117	55,586
Depreciation	3,572	4,253	255	425	8,505
Donor/relationship cultivation	563	885		161	1,609
Dues and subscriptions	1,982	8,586	661	1,982	13,211
Education/outreach		3,294			3,294
Estore shipping	133	345		53	531
Estore supplies	379	984		151	1,514
Event support - NY Dinner fees	7,432	14,866	1,486	5,946	29,730
Event support - special events fees	3,890	15,560	1,945	17,505	38,900
Event support - YEG	248	991	123	1,115	2,477
Financial services fees	4,702	4,898	6,662	3,331	19,593
In-kind - special event fees	2,618	2,616	524	4,712	10,470
In-kind - other	689	689	138	1,240	2,756
Insurance - health and life	38,701	41,172	2,470		82,343
Insurance - liab, prop, auto, d&o	4,708	6,391	2,018	3,699	16,816
Licenses and fees		1,693	3,385	1,693	6,771
Maintenance and repairs	1,250	1,923	32		3,205
Miscellaneous	156	779	11	167	1,113
Payroll taxes	14,565	14,566	2,317	1,655	33,103
Payroll expense	2,928	2,929	466	333	6,656
Pension expense	4,168	7,355	368	368	12,259
Postage/shipping	290	455		83	828
Prof. development/staff retreat	2,013	2,396	144	240	4,793
Professional services	7,161	8,951	1,790		17,902
Regional meetings	235	1,881		235	2,351
Rent - equipment	181	279	5		465
Research grants	201,000				201,000
Salaries and wages	181,989	181,987	28,954	20,681	413,611
Scholarship		9,820			9,820
Supplies	102	639	9	102	852
Telephone	70	350	5	75	500
Travel	1,061	4,244	354	1,415	7,074
Utilities	3,256	5,015	84		8,355
	<u>\$ 493,915</u>	<u>\$ 394,670</u>	<u>\$ 58,475</u>	<u>\$ 79,578</u>	<u>\$ 1,026,638</u>

The accompanying notes are an integral part of the financial statements.



**Histiocytosis Association, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2020**

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Research &amp; Science</u>	<u>Outreach &amp; Education</u>	<u>Management and General</u>	<u>Fundraising</u>	
Advertising	\$ 1,280	\$ 2,559		\$ 1,280	\$ 5,119
Board activities			\$ 687		687
Database/internet maint. & serv.	2,595	38,926		10,380	51,901
Depreciation	3,720	4,428	265	443	8,856
Donor/relationship cultivation	291	458		83	832
Dues and subscriptions	1,900	8,233	633	1,900	12,666
Education/outreach		568			568
Estore shipping	90	234		36	360
Estore supplies	441	1,146		176	1,763
Event support - special events fees	1,769	7,076	885	7,961	17,691
Financial services fees	2,221	2,313	3,145	1,573	9,252
Furniture/Equipment	523	3,268	43	523	4,357
In-kind - other	375	375	75	675	1,500
Insurance - health and life	30,019	31,935	1,916		63,870
Insurance - liab, prop, auto, d&o	4,081	5,539	1,749	3,206	14,575
Licenses and fees		761	1,522	761	3,044
Maintenance and repairs	4,292	6,602	110		11,004
Miscellaneous	28	141	5	30	204
Moving expense	48	238	3	51	340
Payroll taxes	16,027	16,027	2,549	1,821	36,424
Payroll expense	6,906	6,906	1,098	785	15,695
Pension expense	4,170	7,358	368	368	12,264
Postage/shipping	453	711		129	1,293
Prof. development/staff retreat	2,405	2,863	172	286	5,726
Professional services	9,748	12,185	2,437		24,370
Regional meetings	37	298		37	372
Rent - equipment	92	141	2		235
Salaries and wages	187,618	187,618	29,848	21,320	426,404
Scholarship		6,625			6,625
Supplies	304	1,902	26	304	2,536
Telephone	556	2,783	40	596	3,975
Travel	32	128	11	42	213
Utilities	2,881	4,433	74		7,388
	<u>\$ 284,902</u>	<u>\$ 364,778</u>	<u>\$ 47,663</u>	<u>\$ 54,766</u>	<u>\$ 752,109</u>

The accompanying notes are an integral part of the financial statements.

**HISTIOCYTOSIS ASSOCIATION, INC.**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 395,231	\$ 29,493
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities		
Depreciation	8,505	8,856
Net realized and unrealized gain on investments	(30,085)	(23,042)
Payroll protection program loan forgiveness	(174,937)	
(Increase) decrease in		
Contributions receivable	(14,615)	11,291
Prepaid expenses	(203)	33,428
Increase (decrease) in		
Accounts payable and accrued expenses	199,434	(298,510)
Deferred revenue	150	
	<u>383,480</u>	<u>(238,484)</u>
Net cash provided by (used in) operating activities		
Cash flows from investing activities		
Reinvestment of dividends	(11,522)	(11,127)
Investment fees	4,946	5,622
Proceeds from sale of investments		200,000
	<u>(6,576)</u>	<u>194,495</u>
Net cash provided by (used in) investing activities		
Cash flows from financing activities		
Proceeds of PPP loan payable	100,637	74,300
	<u>100,637</u>	<u>74,300</u>
Net cash provided by financing activities		
Net change in cash	477,541	30,311
Cash - beginning of year	<u>1,095,549</u>	<u>1,065,238</u>
Cash - end of year	<u>\$ 1,573,090</u>	<u>\$ 1,095,549</u>

The accompanying notes are an integral part of the financial statements.

## HISTIOCYTOSIS ASSOCIATION, INC. Notes to Financial Statements

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### Note 1: **ASSOCIATION AND ACTIVITY**

Histiocytosis Association, Inc. (the "Association") is a global nonprofit association dedicated to addressing the unique needs of patients and families dealing with the effects of histiocytic disorders while leading the search for a cure.

### Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of financial statement presentation – The financial statements have been prepared on the accrual basis of accounting and in conformity with the standards promulgated by the American Institute of Certified Public Accountants in its audit guide for nonprofit organizations. Financial statement presentation also follows the recommendations of relevant accounting standards which require the Association to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Operating activities – Operating activities reflect all transactions increasing or decreasing net assets except those items associated with long-term investments such as contributions for endowment and facilities and equipment, investment returns in excess of amounts designated for current operations, and unrealized gains and losses on investments.

Cash and cash equivalents – The Association considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Contributions receivable – Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. As of December 31, 2021, the Association's contributions receivable consisted of unconditional promises to give in the amount of \$46,815, all of which are expected to be collected within one year. As of December 31, 2020, contributions receivable consisted of unconditional promises to give in the amount of \$32,200.

Investments – The Association carries investments in marketable securities at their fair values. Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

Property and equipment – Property and equipment is carried at cost, other than contributions of property and equipment which is recognized at fair market value at the date of the contribution. When retired or otherwise disposed of, the related carrying value and accumulated depreciation are removed from the respective accounts and the net difference, less any amount realized from dispositions, is charged or credited to income.

Major additions and betterments in excess of \$2,000 are charged to the property and equipment accounts while replacements, maintenance, and repairs, which do not improve or extend the life of the respective assets, are expensed currently. Depreciation is computed on the straight-line method over the estimated useful lives of the assets.

**HISTIOCYTOSIS ASSOCIATION, INC.**  
**Notes to Financial Statements (continued)**

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Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Net assets – Net assets, revenues, gains, and losses are classified based on the existence of absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net assets with donor restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Functional expense allocation – The costs of providing program and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among program services and support services. Such allocations are determined by management on an equitable basis. Salaries and wages, payroll taxes and benefits, professional fees, office expense, and other expenses are allocated based on estimates of time and effort.

Advertising – Advertising costs are charged to expense when incurred. Advertising expense amounted to \$4,376 and \$5,119 as of December 31, 2021 and 2020, respectively.

Income taxes – The Association claims exemption from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code, and accordingly, do not record a provision for income taxes on related income.

The Association regularly reviews and evaluates its tax positions taken in previously filed information returns and as reflected in its financial statements, with regard to issues affecting its tax exempt status, unrelated business income, and related matters. The Association believes that in the event of an examination by taxing authorities, the Association's position would prevail based upon the technical merits of such positions. Therefore, the Association has concluded that no tax benefits or liabilities are required to be recognized in accordance with the new requirements.

**HISTIOCYTOSIS ASSOCIATION, INC.**  
**Notes to Financial Statements (continued)**

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Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Revenue recognition

- Contributions – Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

- In-kind contributions – In-kind contributions are recorded at their estimated fair value determined on the date of contribution and are reported as in-kind contributions and in-kind fundraising expense on the accompanying statements of activities and statements of functional expenses. The Association benefited from a variety of donated door prizes used during fundraising events. In-kind contributions were valued at \$12,908 and \$1,500 during the years ended December 31, 2021 and 2020, respectively.

The Association recognizes the fair value of contributed services received if such services a.) create or enhance nonfinancial assets or b.) require specialized skills that are provided by individuals possessing those skills that would typically need to be purchased if not contributed. The Association receives donated services from a variety of unpaid volunteers assisting the Association in programs and fundraising events. No amounts have been reflected in the financial statements since the recognition criteria were not met.

New accounting pronouncements

*Leases* – Issued in February 2016, Accounting Standards Update (ASU) No. 2016-02 requires lessees to recognize right-of-use assets and lease liabilities on the balance sheet for the rights and obligations created by all leases with terms of more than 12 months. This new accounting will apply to both types of leases—capital (or finance) leases and operating leases. Previously, generally accepted accounting principles have required only capital leases to be recognized on lessee balance sheets. The standard will take effect for fiscal years beginning after December 15, 2021, and for interim periods within fiscal years beginning after December 15, 2022. Early application is permitted. The Association is assessing the potential impact this guidance will have on its financial statements.

**HISTIOCYTOSIS ASSOCIATION, INC.**  
**Notes to Financial Statements (continued)**

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Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

New accounting pronouncements (continued)

*Financial Instruments – Credit Losses* – Issued in June 2016, Accounting Standards Update (ASU) No. 2016-13 requires a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. In addition, credit losses relating to available-for-sale debt securities should be recorded through an allowance for credit losses. The standard will take effect for fiscal years beginning after December 15, 2022, and for interim periods within those fiscal years. Early application will be permitted. The Organization is assessing the potential impact this guidance will have on its financial statements.

*Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* – Issued in September 2020, Accounting Standards Update (ASU) No. 2020-07 improves generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this Update address certain stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in an NFP's programs and other activities. The standard will take effect for fiscal years beginning after June 15, 2021, and for interim periods within fiscal years beginning after June 15, 2022. Early adoption is permitted. The Organization is assessing the potential impact this guidance will have on its financial statements.

Note 3: **RESEARCH GRANTS**

Applications for research grants are evaluated and scored by the Scientific Committee of the Histiocyte Society based upon predetermined criteria. Applications are then ranked by score and submitted to the Chairperson and to the scientific members of the Histiocytosis Association, Inc. Board of Trustees. Applications are reviewed and prioritized by the scientific members and submitted to the full Board of the Association for final approval. Successful applicants are required to substantiate qualified nonprofit status. Follow-up reports are required at 6 month and one year and are submitted to the scientific committee of the Society and to the full Board of Trustees of the Association for review and evaluation.

**HISTIOCYTOSIS ASSOCIATION, INC.**  
**Notes to Financial Statements (continued)**

**Note 4: LIQUIDITY AND AVAILABILITY**

The Association strives to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash is invested in mutual funds. The Association financial assets available within one year to meet cash needs for general expenditures are as follows:

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash	\$ 1,573,090	\$ 1,095,549
Contributions receivable	46,815	32,200
Investments	<u>439,110</u>	<u>402,449</u>
 Total financial assets	 2,059,015	 1,530,198
Less amounts not available to be used within one year:		
Designated by the board – purpose restricted	306,758	306,592
Net assets with donor restrictions – purpose restricted	<u>286,192</u>	<u>248,041</u>
 Financial assets available within one year to meet cash needs for general expenditures within one year	 <u>\$ 1,466,065</u>	 <u>\$ 975,565</u>

**Note 5: PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

	December 31	
	<u>2021</u>	<u>2020</u>
Building	\$ 463,405	\$ 463,405
Furniture, fixtures and equipment	<u>96,116</u>	<u>96,116</u>
	559,521	559,521
 Less: accumulated depreciation and amortization	 <u>252,168</u>	 <u>243,663</u>
 Net property and equipment	 <u>\$ 307,353</u>	 <u>\$ 315,858</u>

**HISTIOCYTOSIS ASSOCIATION, INC.**  
**Notes to Financial Statements (continued)**

Note 6: **INVESTMENTS**

Investments consist of fixed income and equity mutual funds in the amount of \$439,110 and \$402,449 as of December 31, 2021 and 2020, respectively.

Investments at fair value consist of the following as of December 31:

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Equity mutual funds	\$ 205,961	\$ 277,754	\$ 152,850	\$ 155,813
Fixed income mutual funds	164,091	161,355	185,719	246,636
	\$ 370,052	\$ 439,110	\$ 338,569	\$ 402,449

Investment return is summarized as follows:

	December 31	
	2021	2020
Interest and dividends	\$ 12,200	\$ 11,739
Realized gains	24,906	41,989
Unrealized gain/(loss)	5,364	(18,946)
Investment fees	(4,946)	(5,622)
	\$ 37,524	\$ 29,160

Note 7: **FAIR VALUE MEASUREMENT**

Fair value is the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. A three-level disclosure hierarchy has been established to indicate the level of judgment used to estimate fair value measurements:

Level 1 – Uses unadjusted quoted prices that are available in active markets for identical assets or liabilities as of the reporting date.

Level 2 – Uses inputs other than Level 1 that are either directly or indirectly observable as of the reporting date through correlation with market data, including quoted prices for similar assets and liabilities in active markets and quoted prices in markets that are not active. Level 2 also includes assets and liabilities valued using models or other pricing methodologies that do not require significant judgment because the input assumptions used in the models, such as interest rates and volatility factors, are corroborated by readily observable data.

Level 3 – Uses inputs that are unobservable, supported by little or no market activity and reflect significant management judgment. These values are generally determined using pricing models that utilize management's estimates of market participant assumptions.



**HISTIOCYTOSIS ASSOCIATION, INC.**  
**Notes to Financial Statements (continued)**

Note 7: **FAIR VALUE MEASUREMENT (continued)**

In general, and where applicable, we use quoted prices in active markets for identical assets or liabilities to determine fair value. This pricing methodology applies to our Level 1 investments such as domestic and international equities, U.S. treasuries, exchange-traded mutual funds, and agency securities. If quoted prices in active markets for identical assets or liabilities are not available to determine fair value, then we use quoted prices for similar assets and liabilities or inputs other than the quoted

prices that are observable either directly or indirectly. These investments are included in Level 2 and consist primarily of corporate notes and bonds, foreign government bonds, mortgage-backed securities, commercial paper, and certain agency securities.

The tables below set forth, by level, our financial assets and liabilities that were accounted for at fair value as of December 31, 2021 and 2020. The table does not include either cash on hand or assets that are measured at historical cost or any basis other than fair value.

Fair Value Measurements as of December 31, 2021

	Total	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Mutual funds				
Fixed income funds				
Intermediate-term bond	\$ 161,355	\$ 161,355		
Equity funds				
Large blend	188,142	188,142		
Dynamic asset allocation	89,613		\$ 89,613	
	<u>\$ 439,110</u>	<u>\$ 349,497</u>	<u>\$ 89,613</u>	<u>\$ -</u>

Fair Value Measurements as of December 31, 2020

	Total	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Mutual funds				
Fixed income funds				
Intermediate-term bond	\$ 155,813	\$ 155,813		
Equity funds				
Large blend	165,627	165,627		
Dynamic asset allocation	81,009		\$ 81,009	
	<u>\$ 402,449</u>	<u>\$ 321,440</u>	<u>\$ 81,009</u>	<u>\$ -</u>

**HISTIOCYTOSIS ASSOCIATION, INC.**  
**Notes to Financial Statements (continued)**

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**Note 8: PAYCHECK PROTECTION PROGRAM (PPP) LOANS**

On April 28, 2020, the Histiocytosis Association, Inc. borrowed \$74,300 from Peapack-Gladstone Bank and on February 28, 2021, the Association borrowed an additional \$100,637 from Northeast Bank, as a second draw on their PPP loan. The interest rate was 1%, the loan term was two (2) years and principal and interest payments were due monthly after 10 months plus 24-week deferral period. The SBA guaranteed loan repayment to the bank.

A recipient of a PPP loan may apply for loan forgiveness to the extent the loan proceeds were used for the following only during the 8 or 24-week period beginning on the date of the loan origination: payroll costs, mortgage interest, rent and utility costs. Management of Histiocytosis Association, Inc. expected that eligible costs during the 8 or 24-week period following the loan funding would be sufficient to enable Histiocytosis Association, Inc. to obtain 100% forgiveness for the entire loan amount. The Association received forgiveness for the entire amount of the loan of \$74,300 on January 12, 2021. On October 22, 2021 the SBA forgave the Organization's \$100,637 loan balance.

The balance of this PPP loan was \$0 and \$74,300 as of December 31, 2021 and 2020.

**Note 9: NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are for the following purposes and/or periods:

	December 31	
	2021	2020
Permanent restrictions on use	\$ 151,500	\$ 151,500
Various donor restrictions for specific purposes	134,692	96,541
	\$ 286,192	\$ 248,041

Net assets were released from donor restrictions by incurring expenses and satisfying the restricted purposes.

**Note 10: BOARD DESIGNATED FUNDS**

The Board of Trustees designated an amount of funds to be used for operating expenses at their discretion. These assets are classified in the statement of financial position as a portion of the cash balance. They amounted to \$306,758 and \$306,592 at December 31, 2021 and 2020, respectively.

**Note 11: PENSION PLAN**

The Association has a salary reduction agreement plan referred to as a 401(k) plan, administered by Paychex, covering full-time employees with at least one full year of tenure with the Association. Under the plan, the Association contributes up to 3% of each eligible employee's salary. Employees are full vested in both their own elective contributions and the employer's contributions at all times. The employer contributions were \$12,259 and \$12,264 for the years ended December 31, 2021 and 2020, respectively.

**HISTIOCYTOSIS ASSOCIATION, INC.**  
**Notes to Financial Statements (continued)**

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**Note 12: CONCENTRATION OF CREDIT RISK**

The Association maintains its cash in bank accounts, which, at times may exceed federally insured limits. The Association has not experienced any loss in such accounts. The Association had uninsured cash balances of \$403,283 and \$232,127 for the years ended December 31, 2021 and 2020, respectively.

**Note 13: CONCENTRATION OF INCOME SOURCES**

Histiocytosis Association, Inc. received approximately 28% and 37% of its total revenue from fundraising for the year ended December 31, 2021 and 2020, respectively. An annual support dinner provided approximately 28% of total revenue for the year ended December 31, 2021. This annual support dinner was held in person in 2021, but held virtually in 2020 (see Note 15). A significant reduction in the level of this support, if this were to occur, may have an effect on the Association's programs and activities, as occurred in 2020.

Investments are made by diversified investment managers whose performance is monitored by us and the Finance Committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, we and the executive committee believe that the investment policies and guidelines are prudent for the long-term welfare of the organizations.

**Note 14: RELATED PARTY TRANSACTIONS**

The Histiocytosis Association, Inc., the Histiocytosis Association of Canada and the Artemis Association contribute to support Histiocyte Society's annual meeting. The Histiocyte Society is a group of 187 physicians from around the world who study Histiocytosis. For the years ended December 31, 2021 and 2020, the Association did not provide any financial support to the Society, although support was provided in prior years. Association, Inc. also provides services and assistance to the Histiocyte Society.

**Note 15: COVID-19 PANDEMIC**

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Association, its performance, and its financial results.

As a result of the COVID-19 pandemic, the Association was not able to hold its fundraising events in 2020. In 2021, the annual dinner and other fundraising events resumed resulting in an increase of contribution and fundraising revenue of approximately \$360,000

**HISTIOCYTOSIS ASSOCIATION, INC.**  
**Notes to Financial Statements (continued)**

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Note 16: **SUBSEQUENT EVENTS**

Subsequent to year-end, the United States and global markets experienced significant declines in value. The Association is closely monitoring their investment portfolio and its liquidity and are actively working to minimize the impact of these declines. The Association's financial statements do not include adjustments to fair value that have resulted from these declines.

Management of Histiocytosis Association, Inc. has evaluated subsequent events through September 1, 2022, the date the financial statements were available to be issued.

